

FISCAL NOTE

HB 2738 – SB 3571

February 11, 2008

SUMMARY OF BILL: Authorizes Tennessee HOPE scholarship recipients to maintain academic eligibility by maintaining good standing at the eligible postsecondary institution in which the student is enrolled. Changes initial eligibility requirements for certain students to conform to the change in the continuing eligibility requirement.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Increases the expenditure of lottery proceeds earmarked for scholarships and grants by \$27,170,600 in FY08-09 and by \$54,828,600 in FY09-10.

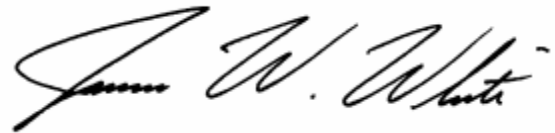
Assumptions:

- This bill would allow a significant number of students who would no longer be eligible to retain their HOPE scholarships due to current academic requirements to maintain scholarships if they remain enrolled at their respective eligible institutions.
- One additional position for the Tennessee Student Assistance Corporation (TSAC) to administer scholarship program for a significant number of additional students estimated to be \$58,300 per year (salary, benefits, supplies, communications, etc.).
- According to TSAC, approximately 4,226 HOPE Scholarship recipients, 60 General Assembly Merit Scholarship (GAMS) recipients, 1,782 ASPIRE Scholarship recipients, and 39 HOPE Access Grant recipients would be able to retain scholarships or grants under this bill.
- HOPE Scholarships are retained at \$4,000 each; GAMS at \$5,000 each; ASPIRE at \$5,500 each; and Access Grants at \$2,750 each.
- The increase to expenditures from lottery proceeds is estimated to be \$27,170,600 $[(4,226 \times \$4,000) + (60 \times \$5,000) + (1,782 \times \$5,500) + (39 \times \$2,750) + \$58,300 = \$27,170,550]$ in the first year (FY08-09).
- TSAC indicates the numbers of new students who would be able to retain their scholarships in the second year (FY09-10) as follows: 4,311 HOPE recipients, 61 GAMS recipients, 1,818 ASPIRE recipients and 40 Access Grant recipients.

- The increase of expenditures from lottery proceeds for new students retaining scholarships in year two (FY09-10) is estimated to be \$27,716,300 $[(4,311 \times \$4,000) + (61 \times \$5,000) + (1,818 \times \$5,500) + (40 \times \$2,750) + \$58,300 = \$27,716,300]$.
- 100% of first-year students estimated to have retained scholarships in FY08-09 as a result of this bill are assumed to retain scholarships in the second year (FY09-10) when they would have been ineligible under current law.
- The total increase of expenditures from lottery proceeds is estimated to be \$54,828,600 $[(\$27,170,600 \text{ from first-year students retaining a second year} - \$58,300) + \$27,716,300 \text{ from new second-year students retaining} = \$54,828,600]$ in FY09-10.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.



James W. White, Executive Director

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